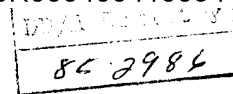


Central Intelligence Agency



Washington, D.C. 20505



20-1

30 August 1985

The Honorable Constance J. Horner
Director
Office of Personnel Management
Washington, D.C. 20415

Dear Ms. Horner:

This letter is written to appeal the Office of Personnel Management's (OPM) directive to the Central Intelligence Agency's health insurance plan that it reduce both its contingency reserve and special reserve to a one-month premium level by the end of 1986. I believe a more equitable solution would be a reduction in reserves to a two-month level spanning a three-year period.

The Central Intelligence Agency's health insurance plan, the Association Benefit Plan (ABP), is a small plan with membership restricted to Agency employees. A significant portion of ABP policyholders are covert employees under cover of other organizations and retirees whom we require for security reasons to be enrolled in the ABP. These employees and retirees are financially disadvantaged by several hundred dollars each year because they are denied a choice of other FEHBP health insurance plans which are less costly and/or provide more tailored benefits to meet their family needs, and which the ABP cannot duplicate because of the small size of its population.

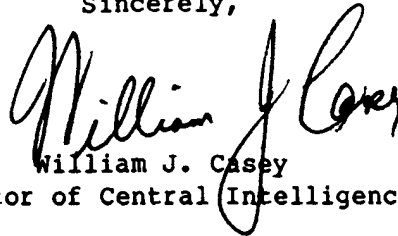
I am charged by the President with enhancing the U.S. intelligence effort and to do this I must recruit and retain highly qualified employees. I believe that the OPM directive to accelerate reserve reductions will have a long-term debilitating effect on the ABP and more importantly a direct impact on those very employees whom I so desperately need to support our intelligence efforts. Moreover, to jeopardize the Agency's ability to properly control the ABP rates for the future is imprudent. Reducing reserve levels by the end of 1986 is too much too soon.

The Honorable Constance J. Horner

Although I agree it is time to utilize the excess reserves in FEHBP, I do not believe the same rapid time limit on the one-month reserve level should be applied to the Agency's health insurance plan. Individual circumstances, such as ours, should be considered. To remain financially sound and thus permit our GEHA Board to properly administer the ABP, a reduction in reserves to a two-month premium level should be permitted to occur over a three-year period. We must not forget the fact that an ABP overt CIA employee membership loss, which could result from dramatic rate reductions and rate increases incident to a one-year drawdown, would require our covert employees to sustain the entire costs of supporting a plan requiring extensive coverage at significant costs. Rate stability, which is the GEHA Board's major objective, is necessary in order to preserve the viability and integrity of the ABP.

Your immediate attention to this matter will be greatly appreciated. I trust that my letter provides you with the importance I attach to this matter. I also am sending a copy to Ed Meese because the issue is of interest to the Domestic Policy Council. I look forward to your early response.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. Casey". The signature is fluid and cursive, with the first name "William" being the most prominent.

William J. Casey
Director of Central Intelligence

cc: Edwin Meese III
Attorney General

SUBJECT: Ltr to OPM re GEHA

STAT **C/IOD/EBS/OP** **(28 Aug 85)**

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